



Off-Target Wells Policy

1 Topographical Features or Surface Obstruction

- (a) An application to drill off-target for topographical or surface obstruction reasons shall include three copies of the "Application for a Well Licence" together with a covering letter explaining the reasons for locating the well outside the prescribed target area. The survey plan accompanying the licence must clearly show the topographical features or surface obstructions.
- (b) Verification from a department field representative that the well could not be located within the target area may be required.
- (c) If, in the opinion of the department, the evidence substantiates that the well could not be located within the target area by reason of a topographical feature or a surface obstruction, the licence for such well will be issued on or after the effective date of the Minister's Order approving the off-target well.
- (d) A directional survey would normally not be required.
- (e) If the well is drilled and placed on production, the department may issue a public notice in *The Saskatchewan Gazette* soliciting objections to waiver of the off-target penalty. If no valid objections are received, then the maximum allowable rate of production for the well will be calculated without penalty.
- (f) If reasonable objections are received, the department will determine the net productive area used in calculating the maximum allowable rate of production for the well.

2 Geological or Reservoir Reasons

- (a) Development Drilling (Drainage units not previously drilled)
 - (i) This section applies only to wells which are classified as "Development" or "Outpost". In general, to qualify for either of these two categories, a potential oil well must be located within 2.4 kilometres of the nearest existing oil well in the same producing horizon and a potential gas well must be located within 4.8 kilometres of the nearest existing gas well in the same producing horizon.
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(ii) An application to drill a well off-target in a situation described above shall follow the department guidelines for submissions. After reviewing the application the department may issue a public notice in *The Saskatchewan Gazette* soliciting objections to the proposal. If no valid objections are received and the department is in concurrence with the application, the well licence will be issued on or after the effective date of the Minister's Order approving the application. Normal processing time is 2 weeks without public notice and 6 weeks when a public notice is required.

(iii) If reasonable objections to the granting of the application are received, the department will deny the application pending resolution of the objections. Reasonable or valid objections must be based on appropriate geological arguments refuting the geological interpretation provided by the applicant.

(b) Previously Drilled Drainage Units

(i) If a well has been previously drilled and proven uneconomic within the drainage unit, an application to drill another well off-target shall include three copies of the "Application for a Well Licence" together with a covering letter explaining the reasons for locating the well outside the prescribed target area.

(ii) If, in the opinion of the department, the above conditions have been met, the licence for such a well will be issued on or after the effective date of the Minister's Order approving the application.

(iii) If the off-target well is drilled and completed, no further production will be allowed from the same zone on the original well within the drainage unit unless otherwise approved.

(c) Exploratory Drilling (To evaluate seismic activity)

(i) This section normally applies to wells which are classified as either "New Pool Wildcat" or "New Field Wildcat". In general, to qualify for either of the two categories, a potential oil well must be located at least 2.4 kilometres from the nearest oil well in the same producing horizon and a potential gas well must be located at least 4.8 kilometres from the nearest gas well in the same producing horizon.

(ii) An application to drill a well off-target in an exploratory situation as described above shall include three copies of the "Application for a Well Licence" together with a covering letter explaining the reasons for locating the well outside the prescribed target area. The reasons shall include the need to drill on a seismic "high". The survey plan accompanying the licence shall clearly show the seismic lines.

(iii) If, in the opinion of the department, the above conditions have been met, the licence for such a well will be issued on or after the effective date of the Minister's Order approving the application.

- (d) The following apply to A, B and C above:
- (i) A directional survey will be required if the well is located in a position closer to another mineral owner or working interest owner than it would be in an on-target location.
 - (ii) The well normally shall not be located closer than 50 metres to the edge of a drainage unit.
 - (iii) If the well is completed, the net productive area used in calculating the maximum allowable rate of production shall be determined in accordance with section 30 of *The Oil and Gas Conservation Regulations, 1985*. An illustration of the principle for establishing the net productive area is found herein.
 - (iv) An application for a partial or full waiver of the off-target penalty may accompany the application to drill off-target or may be applied for after the well is placed on production. After reviewing the application the department will determine if a public notice published in *The Saskatchewan Gazette* soliciting objections is required. If no valid objections are received and the department is in concurrence with the application then the maximum allowable rate of production will be calculated with partial or full waiver of the penalty. If valid objections are received, a full allowable would not be granted.
 - (v) The drilling of an off-target well does not set the pattern for future drilling unless a Minister's Order is issued changing the location of the target areas. Such an order will generally be issued upon application for the entire reservoir and would be subject to public notice.